

CITY OF GROTON UTILITIES COMMISSION
Minutes of Regular Meeting
March 21, 2018

1. CALL TO ORDER

Chairperson Hedrick called the meeting to order at 10:01 a.m.

ROLL CALL

Present: Chairperson Mayor Keith Hedrick

Commissioners: Paul Duarte
Jeffrey Godley
George Scully

Staff present: Director of Utilities Ronald A. Gaudet
Executive Assistant Tara Sablon
General Manager-Information Technology Susan G. Blanchette
General Manager-Utility Finance David F. Collard
General Manager-Key Accounts Leonard J. Mediavilla
General Manager-Customer Service Tina M. Daniels
Manager-Water/PAF Richard M. Stevens
Manager-Operations Randall S. Surprenant
Manager-Operations Raymond L. Valentini
Energy Engineer Hollis McKee
Utilities Analytics Specialist Aaron K. Brooks
Manager-Economic Development Frank E. Winkler
Accounting Manager - Yi Xiang

2. APPROVAL OF MINUTES

Commissioner Godley moved, **Commissioner Duarte** seconded a motion to approve the minutes of the public hearing of January 11, 2018. **Motion carried. 3-0-1 (Commissioner Godley abstained).**

Commissioner Scully moved, **Commissioner Godley** seconded a motion to approve the minutes of the special meeting of January 11, 2018. **Motion carried 3-0-1 (Commissioner Scully abstained).**

Commissioner Duarte moved, **Commissioner Scully** seconded a motion to approve the minutes of the regular meeting of February 21, 2018. **Motion carried**

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

Commissioner Godley moved, **Commissioner Duarte** seconded a motion to approve the Treasurer's Report for the months ending February 28, 2018. **Motion carried.**

4. COMMUNICATIONS AND CORRESPONDENCE

Groton Utilities and Bozrah Light and Power received numerous calls complimenting the electric line crews, customer service and the water department for its quick responses getting things up and running, and back to normal during the last few storms.

5. PUBLIC COMMUNICATIONS

There were no public comments.

6. CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE (CMEEC) BOARD OF DIRECTORS REPORT

General Manager-Utility Finance David F. Collard reported that the CMEEC Board of Directors has withdrawn its Resolution that approved BlumShapiro for the forensic examination required by Public Act 17-73. The CMEEC "WHEREAS" clauses were discussed and General Manager-Utility Finance Collard advised that CMEEC is currently working with the Consumer Council Office to develop another Request for Proposal to be sent out.

Director Gaudet reported that updated by-law changes may be forthcoming, effecting the ratepayer representative votes. The ratepayer representative currently has the same voting privilege as the primary member delegates. Chairperson Hedrick noted that Mark Oefinger is the ratepayer representative for Groton and there is also a Consumer Advocate out of Hartford. Bozrah will nominate a ratepayer and the Mayor & Council will need to approve.

7. REGIONAL WATER UPDATE

There was no Regional Water update to report.

Dates are being solicited for the Water Treatment Plant groundbreaking. Once confirmation dates are received from the State of Connecticut Office of the Governor and the Department of Public Health, information will be disseminated to management and staff to decide on attendance.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presented the following financial highlights:

Electric:

- Overall electric revenues for February are overall 2% less than budget. The negative variance was primarily driven by the Commercial class, which was almost 6% less than budget. The one (1) Non-Manufacturing customer was almost 9% below budget and reduced the positive impact from the Residential class. The positive variance from the Residential class was most likely due to recovery of unbilled revenue from the previous month.
- Heating degree-day requirements were 8% less than last year, indicating a milder month than last year and thus less heating requirements.
- Operation and Maintenance expenses for February are almost quite 1% more than budget. Due to weather conditions in February, very little capital work was performed.
- The Net Income from Operations for the month is 51% more than budget and is 61% more than budget after the effects of TVC.
- Electric revenues for the fiscal year-to-date are 2% below budget and 4% below the same period last year. All classes of service are below budget except for Industrial manufacturing.
- Operation and Maintenance expenses are 7% less than budget, and Net Income, including the CMEEC Excess Equity Distribution, is 27% more than budget. After the effects of TVC, Net Income before extraordinary item is 33% more than budget.
- Days' cash on hand for the Electric Division is 77 days.
- For the fiscal year-to-date, 1.5 million kWh were purchased from solar customer production, which is almost 3% less than last fiscal year-to-date.

It was explained that weather was a factor in the kWh of solar customer production.

Water:

- Water Division cash due from Electric is almost \$3.2 million.
- Days' cash on hand for the Water Division is 233 days. The combined Electric and Water Utilities days' cash on hand is 106 days.
- The reimbursement process with the State of Connecticut continues to be timely, such that monies have been received from the state in time to pay the bills when they are due, without utilizing internal cash. For the fiscal year-to-date, \$5.8 million has been incurred for the project and a total of \$4.7 million has been received from the Drinking Water State Revolving Fund (DWSRF) loan and grant.
- Total Revenues overall for February are 4% more than budget primarily due to industrial revenues, which are almost 10% more than budget and 14% more than last year. New rates that increased 4% became effective January 1, 2018.
- Operation and Maintenance expenses for February are almost 17% less than budget and almost 3.5% more than February of last year.
- The Net Earnings before DWSRF grant proceeds for the month are \$126,000 more than budget. Higher revenues combined with lower operating expenses provided the positive variance. The Net Earnings before the DWSRF grant for the fiscal year-to-date are almost 73% more than budget. The positive variance is driven by lower than budget Operation and Maintenance expenses that are more than offset by the 8% negative revenue variance.
- The Water Treatment Plant Restricted Fund contains \$1.5 million for collections through December 2017.

9. PROJECTS / INITIATIVES UPDATE

In response to questions and comments, General Manager Collard clarified that there are no bonds in place, only a DWSRF loan, relative to the Water Treatment Plant Project. Payment on the loan will not take place until a year after the construction is complete and everything is online. Everything is going as anticipated, but there have been two (2) change orders. The first was a credit for \$45,000, as the plant already owns its security cameras. Second, a manhole was taken offline and rebuilt at the cost of \$51,000. A mud plate was recently put down and concrete will be poured where the deepest part of the pumps are going. PCB abatement will need to be done and the cost has not been determined yet for that.

Manager – Water /PAF Richard M. Stevens alerted that next month the Water Department will be presenting a request to the Commission to rebuild two (2) of the seven (7) filters with Granular Activated Carbon (GAC). The cost is expected to be between \$80-90,000.

As part of the Water Resources Protection District (DWRPD), Management received an unwritten request from the Town of Groton to designate a parcel of land owned by the City of Groton and currently designated as commercial property, and to designate the land as “conservation”. It will not be called “open space”. Location Map 1 was distributed showing the exact location of the triangular land across from eastern Smith Lake on Route 117. The advantages and disadvantages will need to be discussed fully among staff, with the main focus on protecting Smith Lake, even though it may cost money.

General Manager-Key Accounts Leonard J. Mediavilla reported on a project involving fuel cells at the United States Submarine base. CMEEC has issued a purchase order to American Engineering Testing for the engineering study to move forward with the evaluation to make the interconnection possible.

April 11, 2018 is the designated date selected to celebrate the 150th anniversary of the Subase presence in Connecticut. It has been requested that Groton Utilities participate and details are forthcoming. Groundbreaking for the fuel cell will also be recognized. The fuel cell belongs to CMEEC and is 7.4 megawatts, with a lower carbon footprint. Director Gaudet further noted that the Subase has applied for a micro-grid grant, which the state has not funded yet.

Director Gaudet welcomed any comments or questions regarding the Water Pollution Control Authority (WPCA) duties being moved to the Commission. The second reading of the Ordinance will be on April 2, 2018. The next Commission meeting will be affected by this change. The Pollution Abatement Facility (PAF) financials will be included with the utility financials for next fiscal year. Letters have been mailed and Chairperson Hedrick will be meeting with non-profit groups specifically to discuss how the sewer charge will affect their organizations. Key Accounts and Customer Service have already started their discussions with customers. A mailing insert will be included with customer invoices in April, May and June. The sewer charge will continue to be marketed so customers will know how they will be impacted in July.

Director Gaudet invited the Commission to attend the National Conference & Public Power Expo in New Orleans, Louisiana, on June 15-20, 2018. Commissioner Duarte expressed an interest in attending. Having a staff member attend the expo portion of the event may prove beneficial to explain the vendor portion and the equipment that Groton Utilities utilizes.

Utilities Analytics Specialist Aaron K. Brooks advised the Commission that there have been two (2) customer requests to provide maintenance services on customer-owned water infrastructure. Proposals may be forthcoming in the next few weeks.

Director Gaudet gave an update on the state-run project on Crystal Lake Road. At the conclusion of the project, a portion will be turned over to the Town of Groton. There have been negotiations to find the best way to put Groton Utilities' equipment on Frontier owned poles. A right-of-way issue still exists.

General Manager-Information Technology Susan G. Blanchette notified the Commission that a table of ten (10) has been reserved and seven (7) seats remain for the Armed Forces luncheon in May. A list of names is requested a head of time for confirmed attendance.

10. OLD BUSINESS

Agenda Item 10A: GUC-18-03-03: Consideration of and action to authorize Management to award a two (2) year contract with two (2) one (1) year renewal option, for lawn and grounds maintenance for the 2018 - 2019 mowing seasons to ACK Services, 515 Cow Hill Road, Mystic, Connecticut based on its low bid amount of Sixty-Seven Thousand, Two hundred Dollars and No Cents (\$67,200.00) for Groton Utilities' properties, Sixty Thousand, Four Hundred Eighty Dollars and No Cents (\$60,480.00) to be paid by the Water Division and Six Thousand, Seven Hundred Twenty Dollars and No Cents (\$6,720.00) to be paid by the Electric Division

Commissioner Godley moved, **Commissioner Duarte** seconded a motion to authorize Management to award a two (2) year contract with two (2) one (1) year renewal option, for lawn and grounds maintenance for the 2018 -2019 mowing seasons to ACK Services, 515 Cow Hill Road, Mystic, Connecticut based on its low bid amount of Sixty-Seven Thousand, Two hundred Dollars and No Cents (\$67,200.00) for Groton Utilities' properties, Sixty Thousand, Four Hundred Eighty Dollars and No Cents (\$60,480.00) to be paid by the Water Division and Six Thousand, Seven Hundred Twenty Dollars and No Cents (\$6,720.00) to be paid by the Electric Division.

Manager-Operations Raymond L. Valentini noted that ACK Services has not increased its bid prices in the last six years.

Agenda Item 10B: In accordance with Water Division Vehicle Replacement Program, Management will be issuing four (4) purchase orders for vehicles as per the approved FY2018 budget as per information provided in the Director of Utilities Report.

Director Gaudet commented that this item was added for informational purposes only.

11. NEW BUSINESS

There was no new business.

12. EXECUTIVE SESSION

There was no executive session.

13. ADJOURNMENT

There being no further business, at 11:07 a.m., **Commissioner Duarte** moved, **Commissioner Scully** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul Duarte
Clerk